

To: Jerry Szilagyi [JerryS@catalystmutualfunds.com]
From: David Miller
Sent: Sat 12/10/2016 12:52:21 PM
Importance: Normal
Subject: RE: HFXAX Catalyst Hedged Futures Strategy Fund - Call Today

I moved the flight later, so I will be on the call

From: Jerry Szilagyi
Sent: Saturday, December 10, 2016 10:45 AM
To: Kimberly Rios; Ed Walczak; Paul Rieger
Cc: George Amrhein, Jr.; David Miller
Subject: HFXAX Catalyst Hedged Futures Strategy Fund - Call Today

I want to have a call this afternoon including JJ to discuss what we can do to immediately reduce risk in the fund. I suggest the same time as yesterday – 3:00 eastern.

Jerry Szilagyi
631-629-4909
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From: Kimberly Rios
Sent: Friday, December 09, 2016 4:26 PM
To: Jerry Szilagyi <JerryS@catalystmutualfunds.com>; Ed Walczak <EdWalczak@catalystmutualfunds.com>; Paul Rieger <prieger@rcmam.com>
Cc: George Amrhein, Jr. <GeorgeA@catalystmutualfunds.com>; David Miller <DavidM@catalystmutualfunds.com>
Subject: RE: -Losses HFXAX Catalyst Hedged Futures Strategy Fund

I forwarded Jerry's email to our trader, JJ. Below is what he responded with:

What's propping up upside calls is the fact that at that a big customer at the CBOE has been buying the Jan 2300 calls and the March 2400 calls to the tune of 150k options. And then you have locals buying vol to get out of the shorts they sold to the bank.

Vol also goes bid when the market makes new highs, but eventually come back to earth.
We have not moved vol – vol has been historically low and is popping at the wrong time.

Kimberly Rios, CFA, CMT
Portfolio Manager
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From: Jerry Szilagyi
Sent: Friday, December 09, 2016 1:33 PM
To: Ed Walczak; Kimberly Rios; Paul Rieger
Cc: George Amrhein, Jr.; David Miller
Subject: FW: -Losses HFXAX Catalyst Hedged Futures Strategy Fund



FYI, received this email today from someone in the industry I have known for a while.

Jerry Szilagyi
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www.CatalystMF.com<<http://www.catalystmf.com>>

FYI - Sharing.
Hello Jerry,

Happy Holidays and hope you are doing well!

Congrats on a great year on new products and the website.
Lots of products and strategies!.

As you said, "PERFORMANCE gets interest, and PERFORMANCE and the SIMPLE STORY brings in assets".

FYI - Got a call and text from a friend I really respect, who runs a large SP500 index group.

He said;
"There is some managed futures portfolio manager, option and premium seller, whose really liquidating and in trouble.
Mkt. Makers have him on the ropes and know the size!
He's the reason why VIX & SPU are heading higher.
- Down 2.5 percent today and getting pressed by the big boys who know he wants out.

Mkt. and traders have him with 20,000 big futures to delta: gamma and short approx. \$60m vega.
Another 2-3 percent higher in spus and the portfolio is in trouble.

I know LJM Partners in Chicago, and Global Sigma in Fla. (on the IASG website), are in very similar game, just not such large positions.
Easy to get stuff on, VERY HARD to get out.

Kind regards and let's speak in 2017.